



M&A Market Activity

Aggregates Industry Update

Q3 2024

December 2024

Member
FINRA/SIPC

Griffin Financial
Group

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Griffin Financial Group is an investment bank that provides merger and acquisition advisory, capital raising, ESOP, management buyout, structured finance and strategic consulting services to the business services, commercial/industrial, financial institutions, health care, insurance, private equity, retail and technology sectors, in addition to assisting businesses facing special situations. Griffin is part of a multidisciplinary family of companies with over 250 employees.

Investment Banking Services Include:

M&A Advisory Services

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- Acquisitions (buy side)
- Recapitalizations
- Management buyouts
- Divestitures
- Going private transactions

Capital Raise Services

- Senior debt
- Subordinated debt
- Equity capital
- Bridge loans
- Units of limited partnership interests on behalf of financial sponsors
- Secondary investment and co-investments advisory

Consulting Services

- Strategic alternatives studies
- Review of strategic and business plans
- Outsourced corporate development
- Capital planning alternatives
- Capital study and analysis
- Review of capital plans

Deal size parameters: M&A

- Smallest: \$15 million
- Typical: \$25-100 million
- Largest: \$800 million

Deal size parameters: Capital Markets

- Smallest: \$5 million
- Typical: \$10-50 million
- Largest: \$2.3 billion

Platform Affiliated Businesses

Stevens & Lee

SES ESOP
Strategies

GSL Public
Strategies Group

FSL Public
Finance

Pinnacle Risk
Services

Stevens & Lee
Public Affairs

Reliance Search and
Settlement

Executive Summary

In this quarterly report, Griffin Financial Group provides analysis and commentary on capital markets and valuation trends, mergers and acquisitions (M&A) and market research within the aggregates and construction materials industry. Key takeaways for Q3 2024 are:

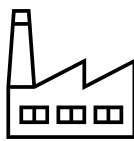
- ◆ Strong secular tailwinds have provided long term growth across all end markets
- ◆ Weak sales volumes in the first half of 2024 that were driven by decreased demand within light commercial segments, higher financing and construction costs and weather-induced disruptions have been largely offset by upward pricing momentum
- ◆ Unlike broader capital markets, M&A activity and valuation multiples in the aggregates industry held strong throughout 2023 and 2024, despite higher interest rates
- ◆ Strategics continue to focus on strategic prioritization of assets by divesting non-core operations in favor of pure-play aggregates
- ◆ Private equity continues to drive acquisitions of downstream operators that provide asset-light road paving, repair and maintenance and other asphalt and concrete services

2024 End Market Outlook



Infrastructure

- ◆ Strong funding from historic legislation such as the IIJA, IRA and CHIPS Act, record state Department of Transportation (“DOT”) budgets, and state and local ballot initiatives
- ◆ Funding allocations have directly resulted in greater annual public construction spending on roads, bridges, highways and streets



Non-Residential

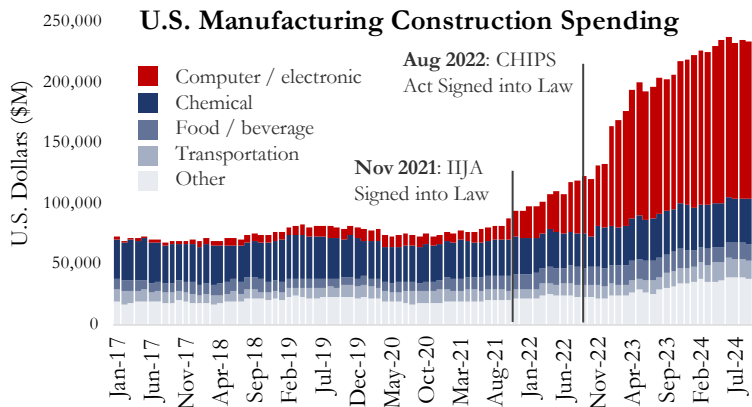
- ◆ Healthy reshoring activity continues to support domestic manufacturing, heavy-side energy construction and data centers needed to support long-term secular trends in cloud and data hosting services
- ◆ Partially offset by lower demand for warehouses as inventories built during the pandemic continue to be reduced



Residential

- ◆ Favorable demographic trends, employment growth, and limited inventories of homes continue to support demand for residential construction spending
- ◆ The Fed’s announcement of a 50-bps rate cut in September should help improve affordability and accelerate the recovery in single-family residential markets

Key Trends in the Aggregates Industry



- ◆ Megatrends such as business digital transformation, expansion of IoT and AI, and continuing shifts towards remote work and learning have expanded data center construction in the U.S., with blue-chip companies such as Oracle, Microsoft and Google announcing new data center construction projects
- ◆ Total construction spending increased 3.5% year-over-year to \$1.9 trillion as of July 2024 with most of the growth in construction spending on data centers and semi conductor manufacturing facilities, which have seen a 12-fold increase since the beginning of 2020
- ◆ Evergreen demand for aggregate products, coupled with increasing scarcity of quarry assets is creating strong upward pricing momentum for industry participants resulting in strong valuations in both public and private equity markets

Notable Announced Data Center Projects

ORACLE

\$10Bn Data center expansion plan across U.S. locations

Microsoft

\$3.3Bn Data center project in Mount Pleasant, WI

Google

\$1.5Bn Data center projects in Missouri and Iowa

- ◆ Public valuations of U.S.-based aggregates have remained strong at **13.6x** as of Q3 2024 (see pg. 12)
- ◆ There is still robust M&A activity with healthy valuations as Griffin identified 61 acquisitions announced through the end of August 2024
- ◆ Seven transactions disclosed deal terms indicating they were completed with a combined purchase price of ~\$9.6Bn and median EBITDA multiple of **12.0x**
- ◆ This is significantly higher than the median of **9.9x** observed across all transactions since 2017, reflecting the premium paid for scale and density of the business as well as accretive contribution margins from crushed stone operations in 2024
- ◆ Martin Marietta’s acquisition of Albert Frei and 20 quarries from Blue Water Industries traded for a blended multiple of 14.1x, whereas Argos’ U.S.-based cement and ready-mix operations was acquired for only 10.0x, highlighting the difference in premiums paid by segment type

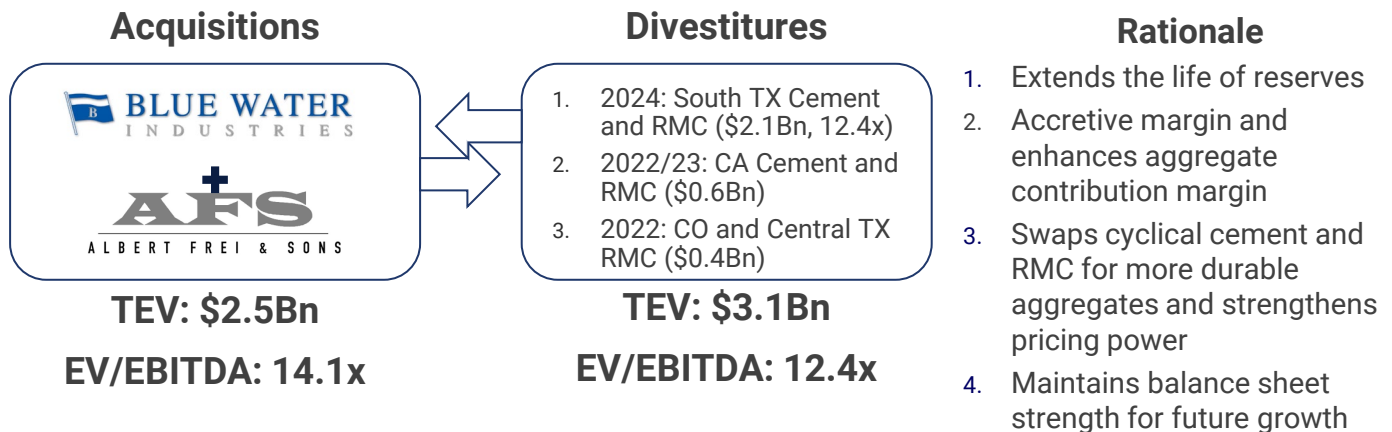
2024 Acquisitions with Disclosed Terms

Target	Acquirer	EV/EBITDA
	ARCOSA	12.0x
	BREEDON	8.5x
		12.4x
		14.1x
	SUMMIT Materials	10.0x
		14.1x

Key Trends in the Aggregates Industry (Cont.)

- Many of the largest producers are shedding non-core downstream assets and reinvesting the proceeds in crushed stone operations to optimize EBITDA margins
 - For example, after acquiring the Lehigh West Region Business from Holcim in May 2021, Martin Marietta has divested over \$3Bn worth of RMC assets
 - Similarly, Vulcan Materials sold their ready-mix assets in New York, New Jersey and Pennsylvania to SRM Concrete in 2022 and retained ownership of quarry and asphalt operations

Case Study: Martin Marietta's Active Portfolio Management



- Historically, strategic buyers have driven most the M&A activity in the aggregates space as the capital-intensive nature of the industry coupled with the project-based customer contracts have scared off more risk-averse financial buyers who tend to prefer acquisition opportunities of asset-light services companies
 - However, more PE firms have made acquisitions in the asphalt and concrete services industries to establish platforms that can capitalize on the favorable tailwinds in the aggregates industry



Aggregates Industry M&A Highlights

ARCOSA

has acquired



August 2024

Key Transaction Points

Arcosa, Inc. has entered into a definitive agreement to buy Stavola Holding Corporation for \$1.2Bn. Founded in 1948, Stavola is an aggregates-led and vertically integrated construction materials company primarily serving the New York-New Jersey Metropolitan Statistical Area (“MSA”) through its network of five hard rock natural aggregates quarries, 12 asphalt plants, and three recycled aggregates sites. For the last 12 months ending June 30, 2024 (“LTM”), Stavola generated revenues of \$283 million and Adjusted EBITDA of \$100 million, representing a 35% Adjusted EBITDA Margin. The \$1.2 billion purchase price reflects a 12.0x multiple of Stavola’s LTM Adjusted EBITDA.



has acquired



July 2024

Key Transaction Points

In July 2024, Heidelberg Materials announced it was acquiring Highway Materials, Inc., one of the largest independent aggregates and asphalt producers in the Greater Philadelphia area. Operations include four crushed stone quarries, nine hot-mix asphalt plants, two clean fill operations, a concrete recycling facility, a construction services business and more than 350 employees. “The addition of the Highway Materials business, with its broad range of products and more than 80 years of history in Pennsylvania, is a great opportunity to strengthen the company’s aggregate reserves in this core market while also growing our recycling operations,” said Matteo Rozzanigo, President of the Northeast region at Heidelberg Materials North America.

CHANEY
ENTERPRISES

has acquired



April 2024

Key Transaction Points

In April 2024, Chaney Enterprises announced it would acquire Chandler Concrete, a family-owned and operated producer of ready-mixed concrete, block masonry and hardscapes serving North Carolina, Virginia, West Virginia and eastern Tennessee. Chandler operates 44 ready-mix plants, three block plants and one building supply store with ~500 employees. Already one of the East Coast’s fastest growing concrete operators, Chaney Enterprises will nearly double its production footprint as the acquisition aligns with Chaney Enterprises’ growing Virginia and North Carolina ready mixed and aggregate positions.

Source: Capital IQ, PitchBook, Griffin Financial Group Research

Select M&A Transaction Analysis

Announced Date	Target	Target Business Description	Buyer / Investor	Buyer Type	Purchase Price (\$mm)	Purchase Price / LTM Revenue	Purchase Price / LTM EBITDA
11/6/24	Ada Sand & Gravel	Producer and supplier of construction aggregates intended for contractors, utilities, municipal, state governments, and homeowners, including road mix, fractured rock mix, round, gravel rocks, white sand, rock chips, and fill dirt	Premier Aggregates	Strategic Buyer	n/a	n/a	n/a
11/6/24	D.M. Conner Sand & Gravel	Manufacturer and retailer of hard rock concrete sand based out of Stuarts Draft, Virginia.	Titan America	Strategic Buyer	n/a	n/a	n/a
11/4/24	Lone Star Paving	The company offers asphalt and concrete paving, seal coating, striping, and signage, as well as repairs for parking lots, driveways, and landing strips	Construction Partners (NAS: ROAD)	Strategic Buyer	n/a	n/a	n/a
11/3/24	Frank B. Marks & Son	The company offers a range of essential construction materials, including sand, gravel and various durable goods, to meet the needs of construction projects of different scales	Knife River (NYS: KNF)	Strategic Buyer	n/a	n/a	n/a
11/2/24	Albina Asphalt	Manufacturer and distributor of asphalt-related products intended to offer various road improvement solutions for both public and private needs	Knife River (NYS: KNF)	Strategic Buyer	n/a	n/a	n/a
11/2/24	Rock Products Manufacturing	Supplier of construction and concrete products based in Prineville, Oregon. The company offers various concrete products and other construction raw materials.	Knife River (NYS: KNF)	Strategic Buyer	n/a	n/a	n/a
10/25/24	Kickin Asphalt Paving and Excavating	Operator of a construction company intended to build and maintain roads. The company's services include commercial or highway paving, asphalt milling for pavements, and excavation services.	Superior Paving	Strategic Buyer	n/a	n/a	n/a
9/25/24	Wake Stone	The company offers construction aggregates and agricultural products as well as quality control services	Rinker Materials	Strategic Buyer	n/a	n/a	n/a
9/24/24	Duluth Ready Mix	The acquisition includes six ready-mix plants and three quarries in Northern MN and Wisconsin	Smyrna Ready Mix, LLC	Strategic Buyer	n/a	n/a	n/a
9/19/24	New Dimensions in Pavement Markings	Provider of pavement marking and asphalt maintenance services, based out of Fletcher, North Carolina	Private Investor	Strategic Buyer	n/a	n/a	n/a
9/13/24	Geofortis	The company's plant uses geopolymers technology and offers pozzolan minerals which are made from natural pozzolan mines	Ash Grove Cement	Strategic Buyer (CRH (NYS: CRH))	n/a	n/a	n/a
9/10/24	John G. Walton Construction Company	The company offers expertise in heavy construction, highway engineering, asphalt paving, and site development	Wiregrass Construction Company	Strategic Buyer (Construction Partners (NAS: ROAD))	n/a	n/a	n/a
9/9/24	Gehrke	The company offers various services like paving, drainage management, underground utilities, commercial and residential demolition, construction aggregate, lime supply, commercial and residential grading and excavation	Wendling Quarries	Strategic Buyer	n/a	n/a	n/a
8/30/24	A&R Sealcoating	The company offers services such as sealcoating, surface patching, striping, sign installation, concrete repairs, concrete curbing as well as asphalt and concrete catch basin repair	Mangrove Equity Partners	Financial Buyer	n/a	n/a	n/a
8/28/24	Concrete Science	The company offers a variety of concrete and concrete coating solutions to its customers across a variety of applications from patios, pool decks, garage floors, facility flooring, and national aquatic parks, among others	Lake Street Capital Management	Financial Buyer	n/a	n/a	n/a
8/28/24	MD Concrete	The company offers stamped and colored concrete, exposed aggregate and standard concrete for driveways, patios, walks and steps, athletic courts, firepits, pool decks and floors	Concrete Science	PE Platform (Lake Street Capital Management)	n/a	n/a	n/a
8/13/24	Arizona Metro Mix	Provider of ready-mix concrete products for residential customers	Sunroc Corporation	Strategic Buyer	n/a	n/a	n/a
8/13/24	Master Block	Manufacturer of concrete blocks and products	Oldcastle APG	Strategic Buyer	n/a	n/a	n/a
8/13/24	Wright-Mix Material Solutions	Provider of Concrete Blending services intended to serve commercial and industrial customers	JENNMAR	PE Platform (ACE & Company, FalconPoint Capital Partners)	n/a	n/a	n/a
8/9/24	Dickerson & Bowen	Manufacturer of asphalt mixtures, sand and gravel products as well as paving and surface treatment services	Granite Construction (NYS: GVA)	Strategic Buyer	n/a	n/a	n/a
8/1/24	American Pavement Preservation	Provider of asphalt pavement preservation, grading, road construction, slurry seal, excavation, seal coating, and other related services, enabling clients to get desired maintenance and paving works	The Sterling Group	Financial Buyer	n/a	n/a	n/a
8/1/24	Robinson Paving Company	Provider of commercial paving and asphalt repair services, seal coating, grading, driveway paving, asphalt sales, and asphalt millings	Construction Partners (NAS: ROAD)	Strategic Buyer	n/a	n/a	n/a
8/1/24	Stavola Contracting	Manufacturer and provider of various aggregate, asphalt, and recycled materials, serving clients in private and public sectors ranging from individual homeowners to state and federal highway authorities	Arcosa (NYS: ACA)	Strategic Buyer	\$1,200.0	4.2x	12.0x

Source: Capital IQ, PitchBook, Griffin Financial Group Research

Select M&A Transaction Analysis (Cont.)

Announced Date	Target	Target Business Description	Buyer / Investor	Buyer Type	Purchase Price (\$mm)	Purchase Price / LTM Revenue	Purchase Price / LTM EBITDA
7/30/24	Georgia Paving	Provider of asphalt repairs, crack sealing, seal coating, chip sealing, and milling, completing projects ranging from parking lot maintenance to major highways and bridges	Sunland Asphalt & Construction	PE Platform (Huron Capital)	n/a	n/a	n/a
7/29/24	Carver Sand & Gravel	Producer of construction materials, including sand, gravel, crushed stone, asphalt, and other aggregate materials	Heidelberg Materials (ETR: HEI)	Strategic Buyer	n/a	n/a	n/a
7/22/24	Ary Corporation	Supplier and provider of redi-mix, crusher fines, sand, screenings, rock dust, base course, asphalt rock, concrete rock, railroad ballast, MSE wall backfill, highway construction service and trucking services	CRH (NYS: CRH)	Strategic Buyer	n/a	n/a	n/a
7/16/24	Gate Precast	The company specializes in manufacturing architectural precast concrete components including wall panels, cladding and other custom-designed elements	Wells	Strategic Buyer	n/a	n/a	n/a
7/16/24	Highway Materials	The company offers a wide range of products including hot mix asphalt, crushed stone and sand providing clients with high-quality materials for their projects	Heidelberg Materials (ETR: HEI)	Strategic Buyer	\$126.7	n/a	7.6x
7/12/24	Western N.Y. Concrete	Provider of ready-mix concrete delivery services catering to farmers, construction companies, and homebuilders	Votorantim Cimentos North America, Inc.	Strategic Buyer	n/a	n/a	n/a
7/10/24	King William Sand & Gravel	The company offers sand and gravel, crushed stone, asphalt and ready-mix concrete solutions	Holcim US	Strategic Buyer	n/a	n/a	n/a
7/10/24	Professional Paving and Concrete	Provider of asphalt and concrete contractor services intended to serve residential, commercial and industrial clients	Heartland Paving Partners	PE Platform (Soundcore Capital Partners)	n/a	n/a	n/a
7/1/24	Aaron Concrete Contractors	The company offers concrete aggregate, crushed limestone, recycled asphalt, highway road construction services and concrete recycling services	Heidelberg Materials (ETR: HEI)	Strategic Buyer	n/a	n/a	n/a
7/1/24	Victory Rock	The company supplies aggregate materials and products, including road bases, granular borrows, concrete rocks and sands, asphalt rock, riprap, boulders and bulk rock, and drain rock which are used to build federal, state, and county roads & highway projects	Heidelberg Materials, North America	Strategic Buyer	n/a	n/a	n/a
6/19/24	Carter Concrete Products	Provider of precast concrete products catering to the construction industry, including round and square precast, precast box culverts, underground detention systems and end treatments.	Alcrete Industries, LLC	Strategic Buyer	n/a	n/a	n/a
6/7/24	Wright Materials	Provider of sand and gravel materials in South Texas	Armadillo Materials	Strategic Buyer	n/a	n/a	n/a
6/5/24	Rock Ridge Materials	Manufacturer and supplier of large aggregates, including rip rap, armor stone, limestone and granite as well as variety of coarse, fine aggregates and road base	Miles Ahead Brands	Strategic Buyer	n/a	n/a	n/a
6/3/24	Hudson Paving	Provider of asphalt repair and management services intended to serve the commercial sector, municipalities, state transportation departments and residential properties	Construction Partners (NAS: ROAD)	Strategic Buyer	n/a	n/a	n/a
5/22/24	Newport Construction	The company offers major roadway construction, bridge construction, asphalt paving, asphalt milling, and major highway construction and surfacing	Vinci (PAR: DG)	Strategic Buyer	n/a	n/a	n/a
5/20/24	Klekamp & Company	The company offers a comprehensive range of commercial and residential paving contracting services to residential, commercial, and industrial clients	Heartland Paving Partners	PE Platform (Soundcore Capital Partners)	n/a	n/a	n/a
5/10/24	Howard Sand and Gravel	Maryland-based producer of sand and gravel that serves the eastern shore	Chaney Enterprises, LP	Strategic Buyer	n/a	n/a	n/a
5/9/24	Hammerstone	Quarry operator with over 750 million tonnes of directly accessible limestone reserves and leases for limestone and other minerals covering approximately 1,000,000 additional acres	Bumco Rock Products	Strategic Buyer	n/a	n/a	n/a
5/1/24	Capital Precast	Manufacturer of precast concrete products for the storm, sanitary sewer, electrical and communication structures and water utility sectors	The Civilmart Group	PE Platform (CPE Capital)	n/a	n/a	n/a
5/1/24	Sunbelt Asphalt Surfaces	Manufacturer of asphalt and provider of commercial paving, pavement milling, soil stabilization, materials recycling, sports construction, and other related services	Construction Partners (NAS: ROAD)	Strategic Buyer	n/a	n/a	n/a
4/29/24	Whitaker Contracting	Aggregates producer with four quarries, three asphalt plants and Whitaker's contracting and pavement preservation business	Vulcan Materials Company (NYSE:VMC)	Strategic Buyer	n/a	n/a	n/a
4/26/24	Monumental Concrete	Manufacturer and supplier of ready-mixed concrete for construction projects	Chaney Enterprises	Strategic Buyer	n/a	n/a	n/a
4/15/24	MST Concrete Products	Manufacturer of concrete products, including engineered vaults, culverts and concrete products	Knights Redi-Mix	Strategic Buyer	n/a	n/a	n/a
4/12/24	Brown & Watson Company	The company offers concrete sand, masonry sand, consistent concrete sand, top dressing sand, ultrafine top dressing sand, greensmix sand, butler super fine sand, arena sand, fill dirt and jc white sand	Rogers Group	Strategic Buyer	n/a	n/a	n/a
4/12/24	H&H Construction	Manufacturer of constructional aggregates and asphalts, and paving services	Bonnechere Excavating	Strategic Buyer	n/a	n/a	n/a

Source: Capital IQ, PitchBook, Griffin Financial Group Research

Select M&A Transaction Analysis (Cont.)

Announced Date	Target	Target Business Description	Buyer / Investor	Buyer Type	Purchase Price (\$mm)	Purchase Price / LTM Revenue	Purchase Price / LTM EBITDA
4/9/24	S & K Asphalt & Concrete	Provider of a full range of asphalt paving services intended for all residential, commercial and industrial applications	Heartland Paving Partners	PE Platform (Soundcore Capital Partners)	n/a	n/a	n/a
4/9/24	Chandler Concrete Co.	A family-owned and operated producer of ready-mixed concrete, block masonry and hardscapes serving North Carolina, Virginia, West Virginia and eastern Tennessee with 44 RMC plants, three block plants, one supply store, and 500 employees	Chaney Enterprises, LP	Strategic Buyer	n/a	n/a	n/a
4/8/24	XIT Sand and Gravel	Single quarry location in Channing, TX	Smyrna Ready Mix, LLC	Strategic Buyer	n/a	n/a	n/a
4/5/24	Bodean	The deal adds two quarries, two ready-mixed concrete plants, one asphalt plant and one recycle plant	CRH Americas Materials, Inc.	Strategic Buyer	n/a	n/a	n/a
4/5/24	Northgate Ready Mix	Supplier of enhanced quality concrete intended to serve commercial, residential, and public works sectors	CRH Americas Materials, Inc.	Strategic Buyer	n/a	n/a	n/a
3/29/24	B&S Contracting	The company offers paving and asphalt mixing services for roads, streets, parking lots, tennis courts, airports, running tracks, golf cart paths and commercial or private lots	Rockydale Quarries	Strategic Buyer	n/a	n/a	n/a
3/20/24	American Concrete Industries	Manufacturer and distributor of precast concrete products for residential and commercial use	Alcrete Industries, LLC	Strategic Buyer	n/a	n/a	n/a
3/15/24	Boxley Materials (Asphalt Division)	Provider of asphalt materials based in Blue Ridge, Virginia	Superior Paving	Strategic Buyer	n/a	n/a	n/a
3/14/24	Andrada Holdings	Operator of a quarry based in Tuscon, AZ	Vulcan Materials Company (NYSE:VMC)	Strategic Buyer	n/a	n/a	n/a
3/12/24	Carwald (Redi-Mix's Concrete and Aggregate Operations)	Provider of ready-mix concrete services based in Slave Lake, Alberta	LaPrairie Group	Strategic Buyer	n/a	n/a	n/a
3/11/24	Murray Mix Concrete	Two ready mix concrete plants located in northwest Georgia	Smyrna Ready Mix, LLC	Strategic Buyer	n/a	n/a	n/a
3/11/24	Precast Supply Company	Manufacturer of manufacturing precast concrete storm drainage and sanitary sewer structures catering to projects that require durable and specialized precast components	Concrete Pipe & Precast	Strategic Buyer	n/a	n/a	n/a
3/6/24	BMC Enterprises	The company offers concrete materials, dry goods, aggregates and logistical services, thereby helping commercial contractors, civil contractors and residential contractors	Breedon Group (LON: BREE)	Strategic Buyer	\$300.0	1.7x	8.5x
3/1/24	Show ME Ready Mix	Manufacturer of ready-mix concrete intended for commercial, highway and residential market segments	The Farmer Companies	Financial Buyer	n/a	n/a	n/a
3/1/24	ACT Recycling	The company offers crushing and recycling services for gravel, concrete, and asphalt	Pavement Partners Holding	PE Platform (Shoreline Equity Partners)	n/a	n/a	n/a
2/27/24	Bradley Contracting	Owner of a limestone quarry near Cord, Arkansas	Rogers Group Inc.	Strategic Buyer	n/a	n/a	n/a
2/23/24	L&W Quarries	Produces roadstone, clean stone, asphalt, stone, lime, riprap, and other products	The Rasmussen Group	Strategic Buyer	n/a	n/a	n/a
2/11/24	Assets of Blue Water Industries	20 active aggregates operations in Alabama, South Carolina, South Florida, Tennessee, and Virginia, which produce 17m tons of material and ~\$180m EBITDA, annually	Martin Marietta Materials, Inc. (NYSE:MLM)	Strategic Buyer	\$2,050.0	n/a	14.1x
2/9/24	Martin Marietta Materials (South TX Cement Business)	The division consists of the Hunter cement plant in New Braunfels, related cement distribution terminals, and 20 RMC plants serving Austin and San Antonio	CRH Americas Materials, Inc.	Strategic Buyer	\$2,100.0	n/a	12.4x
2/7/24	Assets of Custom Stone	Comprises asphalt and aggregate production, milling, and paving operations	Armada Materials	PE Platform (Kelso Private Equity)	n/a	n/a	n/a
2/7/24	Wright Paving Contractors	Operator of a paving contractor intended to serve the government, commercial, and residential clients	Armada Materials	PE Platform (Kelso Private Equity)	n/a	n/a	n/a
2/2/24	Aggregates Division of Coalson Excavation	Single sand and gravel pit located in Hamilton, TX	Smyrna Ready Mix, LLC	Strategic Buyer	n/a	n/a	n/a

Source: Capital IQ, PitchBook, Griffin Financial Group Research

Select M&A Transaction Analysis (Cont.)

Announced Date	Target	Target Business Description	Buyer / Investor	Buyer Type	Purchase Price (\$mm)	Purchase Price / LTM Revenue	Purchase Price / LTM EBITDA
2/2/24	The Gorman Group	Provider of road construction-related services, including paving, chip seal, and patch services	Peckham Industries	Strategic Buyer	n/a	n/a	n/a
1/30/24	Concrete Material Supply	The company provides ready mix concrete with three locations between Toledo and Cleveland	Smyrna Ready Mix, LLC	Strategic Buyer	n/a	n/a	n/a
2/1/24	Wright Ready Mix	Manufacturer and supplier of ready-mixed concrete and pre-cast products	Private Investor	Strategic Buyer	n/a	n/a	n/a
1/30/24	Brix Paving Northwest	The company provides services asphalt, milling, concrete, striping, signs, wheel stops, seal coat and crack fill, speed bumps, concrete joint seal, bollards, truncated domes, drainage devices and excavation	Private Investor	Strategic Buyer	n/a	n/a	n/a
1/29/24	Nissen Concrete	Ready mix concrete supplier with two plants	Smyrna Ready Mix, LLC	Strategic Buyer	n/a	n/a	n/a
1/22/24	Superior Ready Mix (Castroville Operations)	Operator of a concrete business based in Castroville, Texas	Jarco Aggregates	Strategic Buyer	n/a	n/a	n/a
1/21/24	Argos USA	Manufacturer of cement and ready-mix products, with 4 integrated cement plants, 2 grinding stations, 140 ready-mix concrete plants, and a complementary distribution network of 8 maritime ports and 10 inland terminals	Summit Materials, Inc. (NYSE:SUM)	Strategic Buyer	\$3,200.0	n/a	10.0x
1/19/24	Precast Wall System	Manufacturer and installer of several types of concrete walls intended for businesses, housing developments, schools and the state's electrical grid	PERMACAST LLC	Strategic Buyer	n/a	n/a	n/a
1/12/24	Albert Frei & Sons	Colorado-based aggregates producer with 60+ years of reserves	Martin Marietta Materials, Inc. (NYSE:MLM)	Strategic Buyer	\$488.0	n/a	14.1x
1/9/24	Select Quarry and Mining Assets	Permitted sand and gravel reserves located in Freer, Texas	Jarco Aggregates	Strategic Buyer	n/a	n/a	n/a
1/9/24	International Concrete Products	Provider of architectural precast concrete products, including precast panels, simulated granite, granite, simulated limestone, and brick for the sports, healthcare, education, corporate, and residential markets	Mid-States Concrete Industries	Strategic Buyer	n/a	n/a	n/a

Source: Capital IQ, PitchBook, Griffin Financial Group Research

There has been strong M&A activity in the aggregates space as strategic buyers pursue quarry assets and financial buyers pursue downstream services companies. Although transaction multiples increased in 2024 as compared to previous years, many of the transactions with disclosed information are multi-billion-dollar deals. Given the size and material type of the companies acquired, a similar middle-market deal would need to be properly contextualized with the appropriate discounts for differences in size and scope of operations.

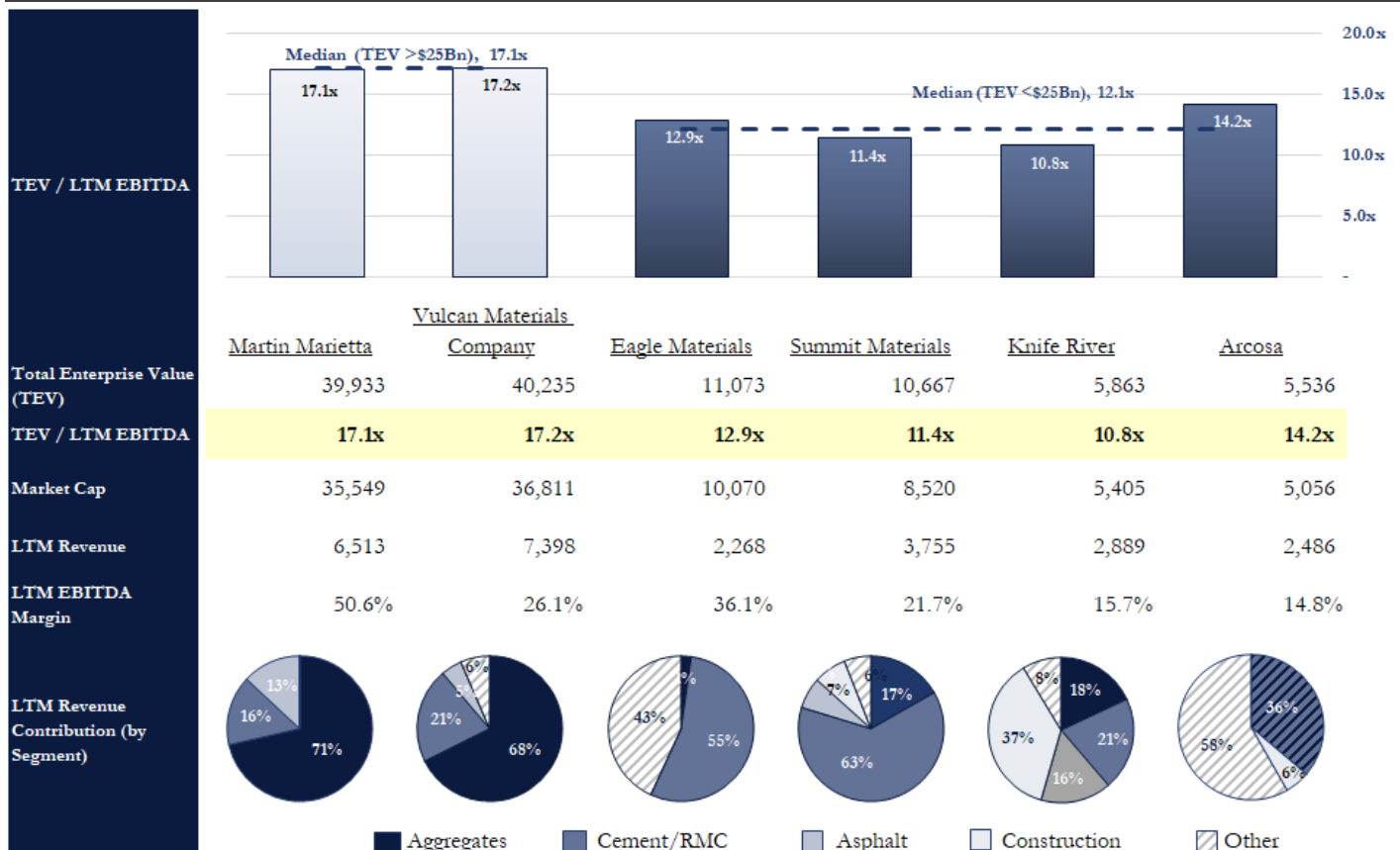
Multiple by Year

Enterprise Value Range (\$M)	Median Purchase Price (\$M)	Median Revenue (\$M)	Median EBITDA (\$M)	EBITDA Margin (%)	Purchase Price /		Number of Transactions
					Revenue (x)	EBITDA (x)	
2012 - 2017	900.0	1,320.0	62.5	4.7%	2.2x	11.0x	7
2018 - 2020	127.0	111.9	14.1	12.6%	2.0x	9.0x	13
2021 - 2023	121.2	42.9	11.5	26.8%	2.3x	9.6x	15
2024	1,200.0	283.0	100.0	35.3%	1.7x	12.0x	7
Total	\$205.0	\$118.7	\$21.6	18.2%	2.1x	9.9x	42

Select U.S. Public Companies Analysis

Recent Median EBITDA Valuations of U.S. Publicly Traded Companies Equaled 13.6x

- ◆ There is a noticeable valuation premium given to companies with enterprise values of \$10 billion or more. In addition, part of the premium for Vulcan Materials and Martin Marietta is driven by the companies' aggregate focused business models, which continue to be weighted towards crushed stone
- ◆ Upstream aggregates businesses tend to warrant higher valuation multiples as prohibitively high start up costs and regulations provide the industry with several barriers to entry for market participants, providing greater pricing power
 - Crushed stone businesses tend to have higher margins and better profitability than ready-mix producers or construction contractors, which are more susceptible to price swings for input materials
 - If too much of the business' revenue and EBITDA is generated from downstream construction operations, this will begin to dilute the enterprise value of the company



Note: Aggregates, Cement/RMC, and Asphalt figures based on reported revenue by segment in each company's most recent 10Q; Arcosa does not disaggregate revenue from building products among aggregates, ready-mix and asphalt

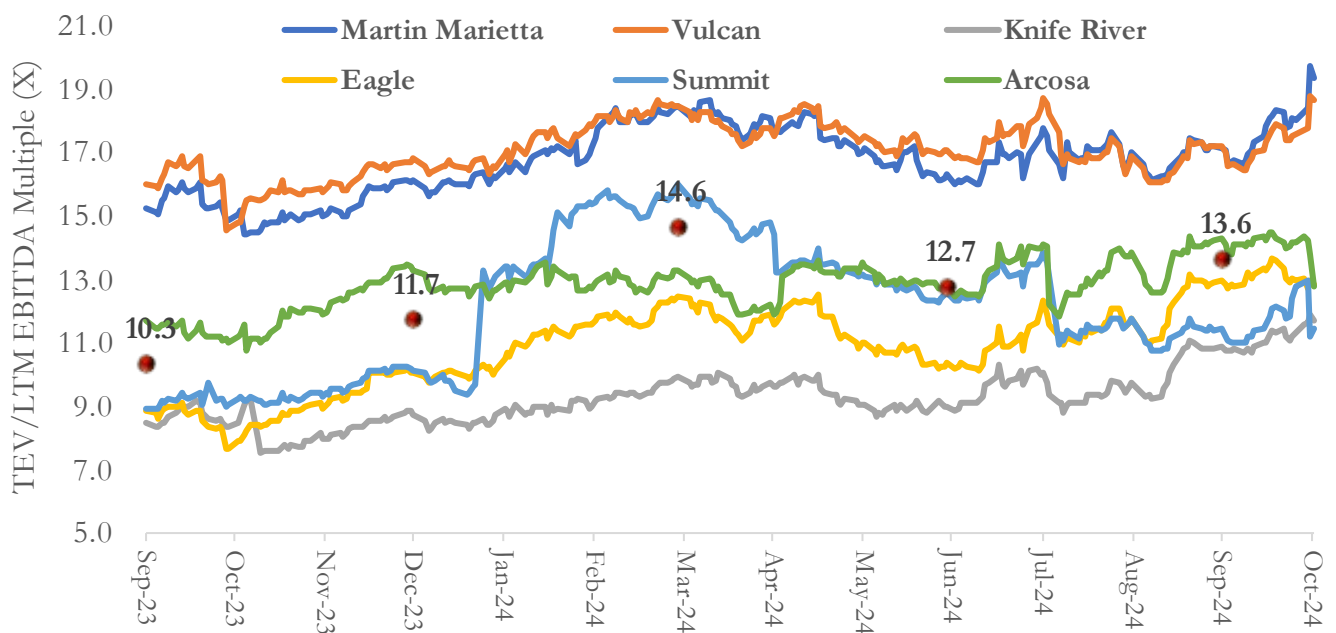
Source: Capital IQ, PitchBook, Griffin Financial Group Research

Select U.S. Public Companies Analysis (Cont.)

Valuations of Publicly Traded Companies Have Declined from Q1, Which Were Partially Inflated on the Heels of Summit's \$3.2B Acquisition of Argos USA

- ◆ Valuation multiples across the industry expanded in Q4 2021 leading up to the announcement of the IJA's passage, which could reflect that any premiums investors are willing to pay has already been priced in during 2021
- ◆ Multiples expanded again in July 2022 when Key Notices of Funding Opportunity (NOFOs) had been released for portions of the bill that fund projects in the transportation, broadband, energy and environmental sectors
- ◆ Valuation multiples increased 32.3% from trough levels in September of 2023, to peak in September 2024, following the broader recovery of public equity markets as operational costs decreased in the first half of 2024 and materialized in higher reported earnings
- ◆ It is expected that as companies such as Martin Marietta and Vulcan Materials divest of underperforming assets to focus on higher margin, upstream operations, multiples should expand with EBITDA margins
- ◆ Additionally, favorable macroeconomic tailwinds should provide support for continued momentum to increase ASPs on aggregates, leading to continued revenue growth if production volume remains at current levels

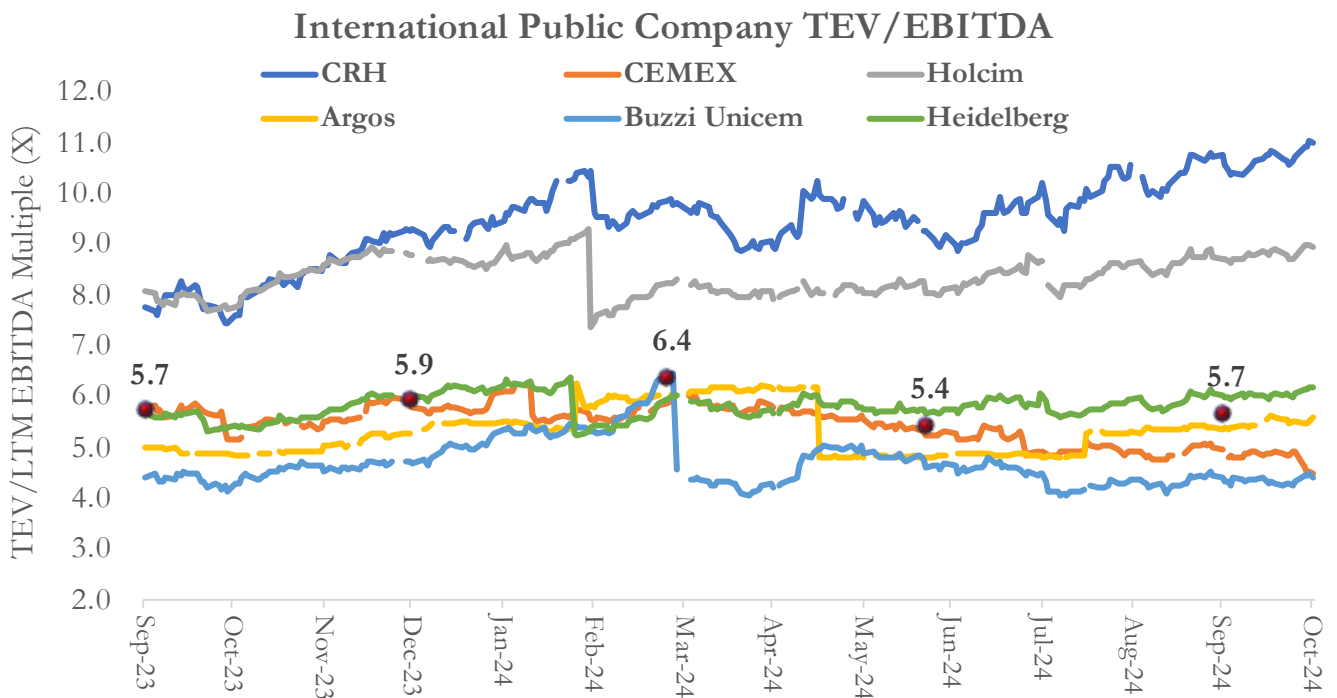
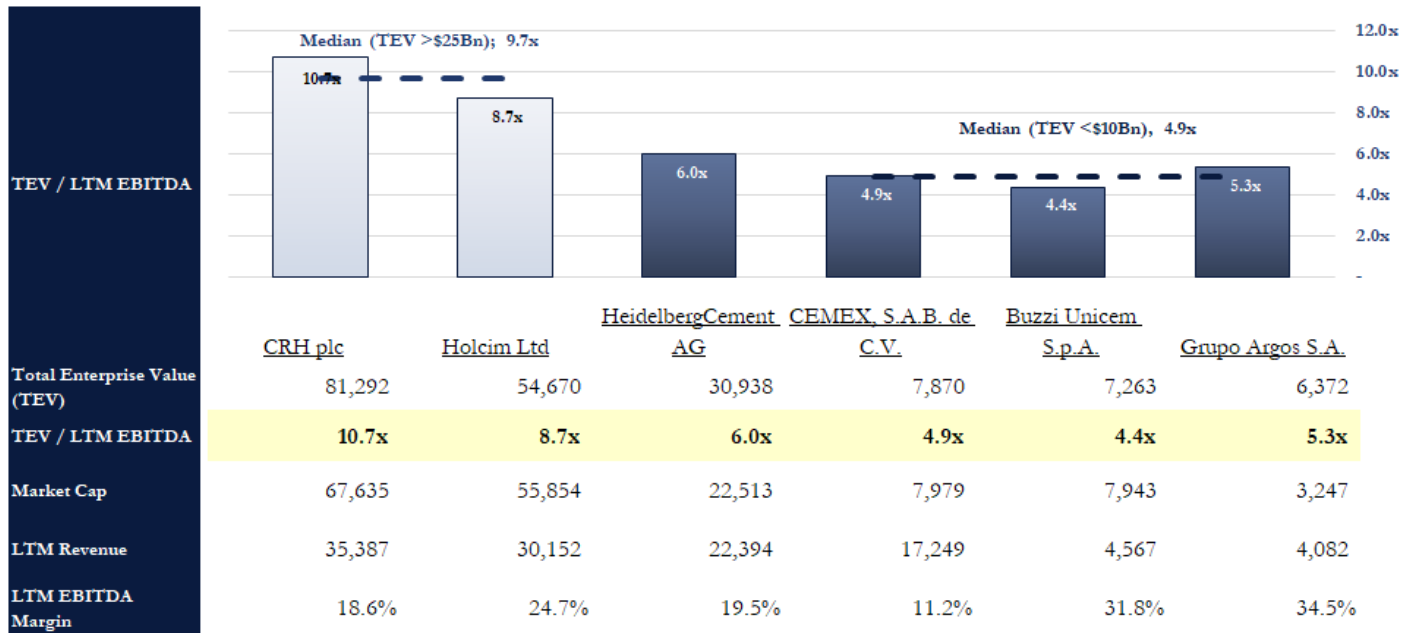
U.S. Public Company TEV/EBITDA



Source: Capital IQ, PitchBook, Griffin Financial Group Research

Select International Public Companies Analysis

EBITDA Valuation Multiples for International Companies Lag Their U.S. Peers at 5.7x. Many of These Producers Are Predominantly Ready-Mix Concrete Producers or Provide Construction Services, Which Tend to Yield a Lower EBITDA Multiple



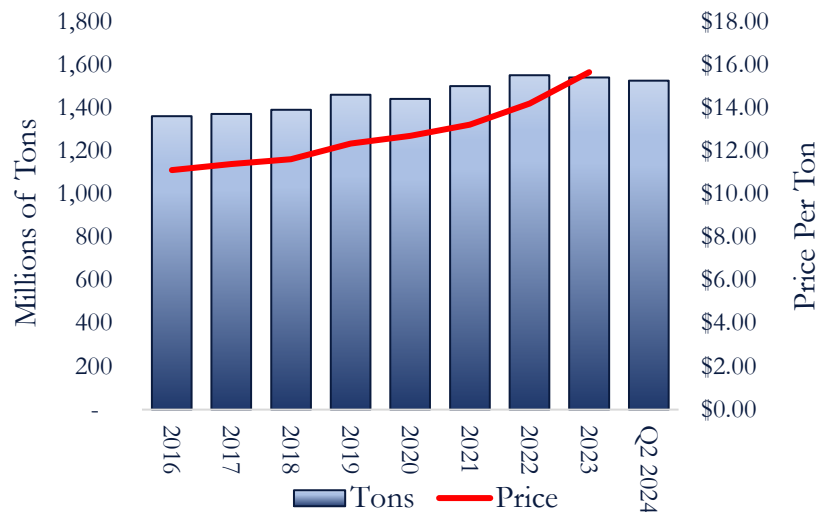
Source: Capital IQ, PitchBook, Griffin Financial Group Research

Aggregate Materials Volume and Prices

Crushed Stone

- ◆ As of LTM Q2 2024, 1.5 billion tons of crushed stone valued at over \$24 billion was produced by ~1,400 companies operating 3,500 quarries and 180 sales yards in the U.S.
- ◆ Production through the first half of 2024 decreased year-over-year, reflecting impact of adverse weather in the beginning of the year
- ◆ It is estimated that 70% of crushed stone was used as construction aggregate (mostly for road construction), 20% for cement manufacturing, 7% for lime manufacturing and the rest for agricultural or specialty uses

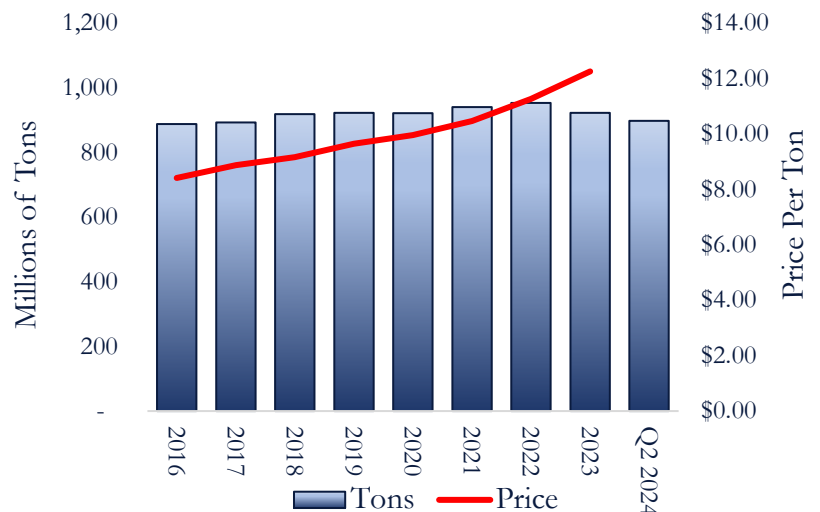
U.S. Crushed Stone Production



Construction Sand and Gravel

- ◆ As of LTM Q2 2024, 897 million tons of construction sand and gravel, valued at over \$11 billion was produced by ~3,400 companies operating ~6,500 pits and 200 sales yards in the U.S.
- ◆ Like crushed stone, production of construction sand and gravel decreased in the first half of 2024 when compared to H1 2023
- ◆ It is estimated that 43% of sand and gravel was used as Portland cement concrete aggregate, 25% for road base and coverings, 12% for construction fill, 12% in asphalt mixes and the remainder in other miscellaneous uses

U.S. Sand & Gravel Production



Griffin Case Studies: Construction Materials

Key Transaction Points



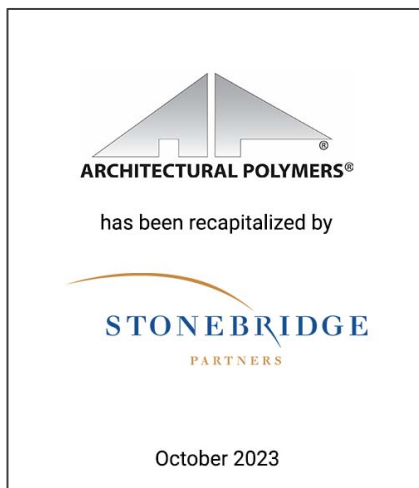
- ◆ The Company is a manufacturer of hot mix and cold patch asphalt, and provides paving, milling, grading, seal coating and crack filling services to commercial, municipal and government sector customers
- ◆ After purchasing AA from the Weeks Family in 1986, Bob Brown quickly increased the size and scale of the business, purchasing five smaller asphalt paving companies and additional plants
- ◆ After five successful years of operations under an ESOP, shareholders sought to realize a liquidity event and prepare the business for the next stage of growth
- ◆ After engaging Griffin as its exclusive investment banker, 100% of the Company's stock was purchased by The Earle Companies

American Asphalt Holdings, Inc.

Transaction Type: Sell-Side Advisory

Industry: Aggregates Producer and Construction Services

Key Transaction Points



- ◆ The Company is a manufacturer of precast, tilt-up, and poured-in-place concrete wall molds and formliners used to create architectural panels for use in infrastructure and commercial projects, including bridge and highway walls, government buildings, and parking structures, among others
- ◆ After 30 years, the founder and owner was seeking a partner that would provide liquidity for a majority of his equity and a partner with greater resources to support the Company's continued growth
- ◆ After engaging Griffin as its exclusive investment banker, the Company was ultimately recapitalized by Stonebridge Partners, a private equity firm based in White Plains, NY

Architectural Polymers Inc.

Transaction Type: Sell-Side Advisory

Industry: Precast Concrete Producer

Griffin Case Studies: Construction Materials

Key Transaction Points



- ◆ The Company is a privately held aggregates producer headquartered in Carlisle, PA, and has been providing crushed stone, asphalt and ready-mix concrete to the central Pennsylvania market since 1961
- ◆ After being owned equally by two families for more than 60 years, one of the family shareholder groups elected to seek liquidity
- ◆ The selling Union shareholder group engaged Griffin Financial Group as its investment banker to assist in the sale of their 50% equity stake in the Company
- ◆ Griffin managed a competitive sale process involving a select group of strategic buyers, which ultimately resulted in the remaining family shareholder group electing to sell their shares as well, and engaged Griffin for that purpose

Union Quarries, Inc.

Transaction Type: Sell-Side Advisory

Industry: Aggregates Producer

Key Transaction Points



- ◆ The Company is a privately held, regional highway/roadway infrastructure materials company, producing a variety of construction materials, including stone, sand, asphalt, and concrete. These materials are produced at three active quarries
- ◆ It also offers road construction, paving, and other services
- ◆ After successfully operating for almost a century as a family business, the Company's shareholder group elected to seek liquidity
- ◆ Griffin was engaged by Hempt as its exclusive investment banker to solicit interest in acquiring the Company, which ultimately resulted in Hempt being sold to New Enterprise Stone & Lime Co., Inc., a strategic competitor based in New Enterprise, PA

Hempt Bros., Inc.

Transaction Type: Sell-Side Advisory

Industry: Aggregates Producer and Construction Services

Griffin Transaction Experience: 2022 - 2024

 <p>has been recapitalized by</p>  <p>November 2024</p>	<p>Fairmont Group, Inc. A new private equity consortium funded by Zenitris, LLC, MainLine Investment Partners, LLC, and Red Hawk Ventures LLC</p> <p>has acquired</p> <p>Filtrona Tapes, Inc.</p> <p>from</p>  <p>Filtrona Group Holdings Limited</p> <p>July 2024</p>	<p>Fairmont Group, Inc.</p> <p>was provided senior credit facilities by</p>  <p>and raised preferred equity from</p>  <p>for the acquisition of Filtrona Tapes, Inc. and ongoing working capital financing</p> <p>July 2024</p>	 <p>has sold its membership interest in Diakon Lutheran Social Ministries to</p>  <p>July 2024</p>	 <p>parent company of Mutual Capital Holdings, Inc.</p> <p>has announced the intention to acquire</p>  <p>parent company of Illinois Casualty Company</p> <p>June 2024</p>
 <p>has been recapitalized by</p>  <p>May 2024</p>	<p>An HOA Management platform</p> <p>has been acquired by</p>  <p>January 2024</p>	 <p>has been recapitalized by</p>  <p>December 2023</p>	 <p>has been sold to</p>  <p>December 2023</p>	 <p>Student Search Business has been acquired by</p> <p>CARNEGIE</p> <p>a portfolio company of</p>  <p>November 2023</p>
 <p>has merged with</p>  <p>to form</p>  <p>November 2023</p>	 <p>has been recapitalized by</p>  <p>October 2023</p>	<p>A Vertical SaaS and Payments Company</p> <p>has received a growth equity investment from</p>  <p>June 2023</p>	 <p>was acquired by</p>  <p>a portfolio company of</p>  <p>March 2023</p>	 <p>has been recapitalized and combined with</p>  <p>a portfolio company of Ampersand Capital</p> <p>February 2023</p>
 <p>has raised growth capital from</p>  <p>January 2023</p>	 <p>has received investment from</p>  <p>Principals of Griffin served as financial advisor</p> <p>December 2022</p>	 <p>private placement of \$42 million of limited partnership interests</p> <p>December 2022</p>	 <p>SPS New England, Inc.</p> <p>The Shareholders of SPS sold 100% of their stock to a newly created ESOP</p> <p>December 2022</p>	 <p>has been acquired by</p>  <p>November 2022</p>
 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>November 2022</p>	<p>NORTHMARK BANK</p> <p>has merged with</p> <p>CAMBRIDGE BANCORP</p> <p>October 2022</p>	 <p>has received investment from</p>  <p>September 2022</p>	 <p>was acquired by</p>  <p>September 2022</p>	<p>BIIA INSURANCE</p> <p>and its parent, Altorva, Inc.</p> <p>have been acquired by</p>  <p>August 2022</p>
<p>ICS</p> <p>has been acquired by</p>  <p>Principals of Griffin served as financial advisor</p> <p>July 2022</p>	<p>PATRIOT COMMUNITY BANK</p> <p>has been acquired by</p>  <p>July 2022</p>	 <p>valuation services to BMC Management</p> <p>June 2022</p>	<p>CORE STATES GROUP</p> <p>has been acquired by</p>  <p>April 2022</p>	<p>\$18,000,000</p> <p>LEDYARD FINANCIAL GROUP</p> <p>4.00% Fixed-to-Floating Rate Subordinated Notes Due April 1, 2032</p> <p>March 2022</p>